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SIPDIS

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SUBJECT: AMBASSADOR TELLS TRADE MINISTER COLOMBIA NEEDS TO  
STEP UP TO THE PLATE ON AGRICULTURE DISCUSSIONS IN FTA

Classified By: Ambassador William B. Wood, reasons 1.4 (b) and (d)

(C) 1. Summary. In a two hour meeting May 5, the Ambassador told Trade Minister Botero and FTA lead negotiator Gomez that the GOC needed to substantially improve its agricultural market access offer if it hoped to close the FTA negotiations in the near future. Botero responded the GOC would do so in new market offers for wheat, soy and soy meal, barley and other grains within a few days (the proposal, which demonstrated improvements was transmitted to USTR May 6). Botero underscored GOC understanding it had to break the negative cycle in the agriculture negotiations with aggressive improvements, but these would be conditioned on similar moves by the USG. Botero told the Ambassador that he would meet with the new Ecuadorian Commerce Minister May 6 to tell him that Colombia would support Ecuador's continued presence at the FTA negotiations so long as the new GOE did not slow down the process. Botero stated that the GOC was willing to meet USG requests on intellectual property on data protection, linkage and extension of patent terms due to undue administrative delays. Botero also stated that the GOC was willing to accept the SPS proposal the USG provided in Lima, with some modifications. Botero stressed the GOC was committed to finishing the FTA within two rounds and would demonstrate this in the coming weeks. End Summary.

12. (C) On May 5, Ambassador and Econcouns met with Trade Minister Botero and FTA lead negotiator Gomez to discuss the current state of play of the FTA negotiations. Botero led off the meeting by expressing the GOC's belief that almost all the negotiating tables were within two rounds of closing. The Ambassador concurred that there had been important progress, but stressed that the overall lack of progress in agricultural market access, and specifically the GOC's slow progress, was jeopardizing the possibility of closing the negotiations by the target date of July that the President mentioned to Secretary Rice only a few days before.

BOTERO SEEKS USG SUPPORT ON TIMING

13. (C) Minister Botero said he would travel to Quito May 6 for meetings with Trade Minister Molestino and possibly President Palacio. Botero added he had three main messages for the GOE: a) Colombian solidarity with Ecuador's continued presence in the negotiations if Ecuador did not slow down the process; b) Colombia's willingness to delay the next round for one week; c) a message that the GOE had to maintain prior commitments on all issues, especially IPR. The Minister stated the Ecuadorian delay was due to internal political issues, but Colombia could not accept more than a week's delay. Botero expressed concern a delay of over one week would delay the July round because all countries needed at least four weeks between rounds. He noted the USG could not field a team past the second week of July because of WTO commitments. Botero asked for USG support for Colombia's position on timing.

TROUBLE SPOTS - INTELLECTUAL PROPERTY

14. (C) Minister Botero commented the GOC felt only three tables were more than two rounds away from closing - intellectual property, SPS and agricultural market access. Botero felt delay in closing the IP table was due to political concerns. Colombia was willing to accept USG positions on data protection, linkage and extension of patent terms for processing delays, but could not accept patents for animal and plant species, second-use patents and any other type of patent term extension. Botero and Gomez both expressed gratitude for USG positions on biodiversity and technology transfer, stating the USG willingness to include these issues was fundamental to obtaining political support for the agreement in Colombia. Botero stated the GOC could only make concessions on the points at the final round to avoid domestic political repercussions.

SPS

15. (C) Botero then turned to the problems in the Sanitary and Phyto-Sanitary table. He expressed Colombia's interest in gaining real market access to the US and the GOC's conviction that strong cooperation on SPS issues was a prerequisite for such access. The Ambassador stated the USG

had tabled text in Lima that would have made such cooperation possible, under terms similar, but not identical, to those the GOC sought, but the GOC had rejected the text outright. Gomez denied this, stating the GOC had taken the offer under consideration, but added the GOC was working with Ecuador and Peru to send a message to the US would accept the proposal (which he termed Chile-plus), so long as the terms of reference for the technical working group were included as a side letter to the FTA itself, not negotiated afterwards.

16. (C) Gomez explained he had consulted with the Chilean government and was concerned that after more than one year the terms of reference for the Chilean technical committee had still not been worked out and the committee had yet to meet. Colombia could not afford a similar delay, stated Botero, as access for many of Colombia's offensive interests depended on SPS issues. The Ambassador cautioned SPS issues are and always must remain scientifically based, and the GOC must not endeavor to introduce political considerations in the SPS process. Gomez and Botero agreed and stated the GOC had no such intention.

#### AGRICULTURAL MARKET ACCESS

17. (C) With respect to agricultural market access, Botero stated there was a negative, vicious cycle in that table which was forcing both sides to make very conservative offers and delaying progress. Botero understood it was imperative to create a more positive dynamic. The Ambassador agreed it was important to change the dynamic in agriculture, and argued the GOC was well known for its brinkmanship in negotiations, but they had reached the brink and were in great danger of falling. The Ambassador added that the GOC's offers were so weak that many in the USG doubted if the GOC had the desire or political strength to close the deal. Gomez answered that the GOC had developed a series of new offers, which they hoped to transmit to the USG shortly, that would offer TRQ's on wheat, soy and soy meal, barley and other grains (excluding corn) and over quota tariff levels that would equal Mercosur's as well as more truncated transition periods. These offers were transmitted on May 6 and an initial review indicates that while they do represent marked improvements, they are not a breakthrough.

18. (C) At the meeting, Gomez stated that the GOC hoped that the USG would respond with offers on flowers and tobacco and cigarettes. Gomez earlier told ECONCOUNS that the GOC was willing to consider a US counteroffer in other products (such as fruits and vegetables) so long as the market value of the offers were similar, as any large imbalance in the offers would kill them politically. Gomez and Botero both stated that the GOC hoped this offer would change the dynamic of the negotiations and turn a vicious cycle into a virtuous one. They also confided they were having problems gaining private sector support for this offer, as the private sector hoped to trade off access on these products for greater protection for corn. Gomez and Botero are trying to break that mindset, stating that any exchange regarding corn would more likely be tied to more sensitive products for the GOC such as chicken leg quarters or sugar. The offer finally submitted May 6 asked for USG counterproposals in fruits and vegetables, tobacco and cigarettes and ethanol.

19. (C) Botero affirmed that the GOC needed some type of price safeguard, although not necessarily a permanent one, on only four products -- beans, chicken leg quarters, rice and corn. He stated that these products were important politically because they were essential in maintaining campesinos working on licit crops. Botero and Gomez agreed that the GOC was willing to justify the need for special treatment on these products for counter-narcotics reasons that were Colombia specific, thereby making it more difficult to argue that such concessions on the part of the USG were precedent setting. The Ambassador warned against using political arguments in a commercial discussion as the USG was negotiating FTA's with several countries and each one felt that they had political considerations that were worthy of special attention. The Ambassador stated that the agreement must stand on its commercial merits to gain approval by the US Congress and private sector. Minister Botero replied that the GOC was also able to justify its request on technical reasons.

110. (C) Minister Botero reaffirmed the GOC's desire to finish the negotiations within two rounds. He stated that the President and the rest of the GOC were resolute in their desire to conclude an FTA with the U.S. Minister Botero also requested that the Ambassador continue to meet with him to discuss the FTA and the Ambassador agreed to future meetings as needed.

#### IS THE GOC READY TO DEAL?

111. (C) Comment: Botero and Gomez clearly believe that the lack of progress on agricultural issues is threatening the FTA. They were both clear the GOC believes its newest offers

would help break the deadlock. At the meeting, they championed the extreme position that if future rounds were not to include agricultural meetings, then the GOC would not be able to field any negotiators. It appears however, that they took the warnings about brinkmanship to heart, and when faced with a US proposal on May 9 not to include agriculture at the next round, but hold substantive talks in agriculture in Washington, they did not reject the offer and seem to be willing to accept it, although they would like to suggest Colombia as the venue for domestic political reasons. These political pressures are very strong and holding meetings in Colombia would help the GOC's efforts to sell the FTA to the agricultural community. Moreover, while the GOC's latest offer is not groundbreaking, it does represent a departure from past practice and a willingness, arguably for the first time, to discuss agricultural market access seriously. The USG's acceptance of Colombia as venue instead of Washington could be successfully played as the USG recognizing Colombia's forward movement, without recognizing the strings attached to Colombia's improved agricultural offer.

WOOD